

# Ludlow Corporation

145 Rosemary Street  
Needham Heights, MA 02194  
617 - 444-4900

RECORDATION NO. 11713 Filed 1425

APR 23 1980 - 11 40 AM

INTERSTATE COMMERCE COMMISSION April 22, 1980

By Messenger

Secretary  
Interstate Commerce Commission  
Washington, D. C. 20423

Att: Recordation Unit

0-114A016

APR 23 1980

Date

Fee \$ 30.00

Dear Sir:

ICB Washington, D. C.

(a) Please find enclosed for recording in accordance with 49 C.F.R. Part 1116 a Security Agreement and Chattel Mortgage dated April 22, 1980 (the "Mortgage"). A check in the amount of \$50 and two counterparts of the original document are also enclosed.

(b) The parties to the Mortgage are as follows:

Mortgagor: Massachusetts Central Railroad Corporation  
11 Railroad Street  
Amherst, Massachusetts 01001

Mortgagee: Ludlow Corporation  
(Secured Party) 145 Rosemary Street  
Needham Heights, Massachusetts 02194

(c) The equipment covered by the Mortgage is as follows:

one (1) surplus NW-5, EMD 1,000 hp. diesel locomotive, formerly designated Southern Railway No. 2,100 (the "Locomotive"), together with all accessories, equipment, parts and appurtenances now or hereafter appertaining or attached to the Locomotive and, whether such accessories are now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to the Locomotive, together with all the rents, issues, income and profits therefrom and the proceeds thereof.

(d) There is no other property covered by the Mortgage other than as described above.

RECEIVED  
APR 23 11 35 AM '80  
FEE OPERATION  
I.C.C.



FLOOR COVERINGS • FURNITURE • PACKAGING • PAPERS • TEXTILES

- (e) There is no other prior recording to which the Mortgage relates.
- (f) This is to certify that the undersigned, as Vice President of Ludlow Corporation, has knowledge of the matters set forth herein. Please return the original document to Lea B. Pendleton, Esq., Herrick & Smith, 100 Federal Street, Boston, Massachusetts 02109. Kindly acknowledge receipt by stamping the enclosed copy of this letter and returning it to the waiting messenger. Thank you.

Sincerely,

LUDLOW CORPORATION

By: William F. Prado, Jr.  
William F. Prado, Jr.  
Vice President

**Interstate Commerce Commission**  
**Washington, D.C. 20423**

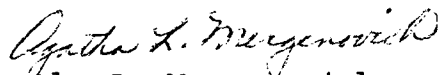
**OFFICE OF THE SECRETARY**

**William F. Frado, Jr., VP**  
**Ludlow Corporation**  
**145 Rosemary Street**  
**Needham, Heights, MA 02194**

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **4/23/80** at **11:40AM**, and assigned recordation number(s) **11713**

Sincerely yours,

  
**Agatha L. Mergenovich**  
**Secretary**

Enclosure(s)

11713

RECORDATION NO. 11713 FILED 1423

APR 23 1980 - 11 40 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

AND

CHATTEL MORTGAGE

SECURITY AGREEMENT AND CHATTEL MORTGAGE (herein referred to as this "Security Agreement") dated this *22nd* day of April 1980 by and among MASSACHUSETTS CENTRAL RAILROAD CORPORATION, a Massachusetts Special Act corporation, having its principal place of business in Amherst, Massachusetts (the "Mortgagor"), and LUDLOW CORPORATION, a Massachusetts corporation, having its principal place of business in Needham Heights, Massachusetts (the "Secured Party").

W I T N E S S E T H T H A T:

WHEREAS, the Mortgagor has requested the Secured Party to make a loan to the Mortgagor in the original principal amount of \$10,000 to be evidenced by a Secured Promissory Note of the Mortgagor (the "Note") dated the date hereof in such principal amount; and

WHEREAS, the Secured Party is unwilling to make such loan unless the Note is secured by the Collateral described herein and the Mortgagor is willing to grant a security interest in said Collateral in order to induce the Secured Party to make such loan;

NOW, THEREFORE, in consideration of the foregoing, the Secured Party and the Mortgagor hereby agree as follows:

SECTION 1. GRANT OF SECURITY.

As security for all obligations of the Mortgagor to the Secured Party in respect of the Note, and as security for any and all other present or future indebtedness, obligations or liabilities of the Mortgagor to the Secured Party, the Mortgagor does hereby convey, warrant, mortgage, assign, pledge and grant the Secured Party a security interest in, all and singular of the Mortgagor's right, title and interest in and to One Surplus NW-5, EMD 1000 h.p. Diesel Locomotive, formerly designated Southern Railway No. 2100 and sold to the Mortgagor by Eveready Machinery Company of Bridgeport, Connecticut (the "Locomotive"), together with all accessories, equipment, parts and appurtenances now or hereafter appertaining or attached to the Locomotive and whether such accessories are now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to the Locomotive, together with all the rents, issues, income and profits therefrom and the proceeds thereof (all of the foregoing being hereinafter collectively referred to as the "Collateral").

Section 1.2. Duration of Security Interest. The Secured Party shall have and hold the Collateral forever; provided always, however, that such security interest is granted upon the express condition that if the Mortgagor shall pay or cause to be paid all the indebtedness hereby

secured (including, without limitation, any future indebtedness, obligations or liabilities of the Mortgagor to the Secured Party) and shall observe, keep and perform all the terms and conditions, covenants and agreements set forth herein and in the Note, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

SECTION 2. COVENANTS AND WARRANTIES OF MORTGAGOR.

The Mortgagor represents, covenants, warrants and agrees as follows:

Section 2.1. Warranty of Title. The Mortgagor is the true and lawful owner of the Collateral, free and clear of all liens and encumbrances of any nature whatsoever except:

(a) The security interest provided for herein; and

(b) A security interest granted on or about the date hereof to Messrs. Michael Grybko, Robert Brogle, Kenneth Coombs, and Arden W. Clarke, securing indebtedness of the Mortgagor to such persons, which security interest and indebtedness shall at all times be subordinate and junior in right to the security interest created by this Security Agreement and the indebtedness, obligations and liabilities the payment of which is secured hereby.

At the Secured Party's request, the Mortgagor shall cause Messrs. Grybko, Brogle, Coombs and Clarke to execute and deliver to the Secured Party any and all writings which the

Secured Party shall request to evidence the subordination of such security interest and indebtedness to the satisfaction of the Secured Party. The Mortgagor will warrant and defend the title to the Collateral against all claims and demands whatsoever, subject only to the foregoing exceptions.

Without limiting the foregoing, there are no security agreements (except as set forth in (a) and (b) above), conditional sale contracts, leases, equipment trusts, chattel mortgages, any other agreements or instruments, or any financing statements in which the Mortgagor is named as, or which the Mortgagor has signed as debtor, now on file in any public office covering any of the Collateral whether by reason of an "after acquired property clause", "floating lien provision" or otherwise.

The Mortgagor shall pay or satisfy and discharge any and all sums claimed by any party which, if unpaid, might in the future become a lien or a charge upon the Collateral, but the Mortgagor shall not be required to discharge any such claim so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of the Secured Party, will not affect or endanger the title and interest of the Secured Party in and to the Collateral.

Section 2.2. Identification Plates. At the request of the Secured Party at any time during the term of this Security Agreement, the Mortgagor will cause to be

placed and fastened upon each side of the Locomotive a metal plate on which plainly and conspicuously appear the following words in letters not less than one inch in height:

"LUDLOW CORPORATION  
NEEDHAM HEIGHTS, MASSACHUSETTS  
MORTGAGEE"

In case, during the continuance of this Security Agreement, any such plate shall at any time be painted over or otherwise made inconspicuous, removed, defaced or destroyed, the Mortgagor shall immediately cause the same to be restored or replaced. The Mortgagor will not allow the name of any person, association, or corporation to be placed on the Locomotive as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than the Mortgagor or the Secured Party.

Section 2.3. Taxes. The Mortgagor agrees that, during the continuance of this Security Agreement, the Mortgagor will cause to be paid promptly all taxes, assessments and other governmental charges levied or assessed upon or in respect of the Collateral or any portion thereof or upon the use or operation thereof or the earnings arising therefrom, if and to the extent that any such taxes, assessments or other governmental charges may give rise to any lien upon the Collateral or may become a claim entitled to priority over any of the rights of the Mortgagor in and to the Collateral, including any sales, use or similar taxes payable



on account of the sale or delivery of the Collateral by the manufacturer of the Collateral to the Mortgagor; but the Mortgagor shall not be required to pay the same so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of the Secured Party, the rights or interest of the Secured Party will be materially endangered, nor shall the Mortgagor be required to make any tax payment which is deferred by order of a court having jurisdiction, provided that such deferment shall not subject the title or interest of the Mortgagor or the Secured Party in and to the Collateral to any lien or encumbrance.

Section 2.4. Maintenance. The Mortgagor agrees during the continuance of this Security Agreement, at no cost or expense to the Secured Party to maintain and keep all of the Collateral in good order and repair in accordance with standards prescribed by the manufacturer thereof in its applicable locomotive service manuals and maintenance instructions covering the Locomotive and that any replacement power components (such as engines, transmissions and parts thereof) shall be in accordance with the said manufacturer's specifications. Except for alterations or changes required by law, the Mortgagor shall not, without the prior written approval of the Secured Party, effect any change in the design, construction or body of the Locomotive or in the electrical equipment of the components thereof. Any parts

installed or replacements made upon the Locomotive shall be considered accessions to the Locomotive and shall be part of the Collateral.

Section 2.5. Insurance. The Mortgagor shall, at no cost or expense to the Secured Party, cause the Locomotive to be insured at all times until payment of all indebtedness, obligations or liabilities secured hereby against loss, damage or destruction of the Collateral or any portion thereof caused by fire, lightning, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance to be in an amount satisfactory to the Secured Party. All such insurance shall be taken for the benefit of the Secured Party and the Mortgagor as their respective interests may appear, in an insurance company or companies satisfactory to the Secured Party and the Mortgagor shall deliver to the Secured Party upon its request a certificate or other satisfactory evidence of such insurance. Proceeds of insurance payable for repairable damage to the Locomotive may be utilized for the repair of such damage provided that prior to the expenditure of such proceeds for such repairs the Mortgagor shall have delivered to the Secured Party written evidence satisfactory to the Secured Party of the proper repair of said damage. Insurance proceeds received in respect of loss, destruction or damage beyond the repair of the Locomotive shall be paid over to the Secured Party in satisfaction of the Mortgagor's obligation to make payments as required by Section 2.6 below.

Section 2.6. Loss, Theft or Destruction of Locomotive.

In the event that the Locomotive is lost or stolen or is destroyed or damaged beyond economic repair from any cause whatsoever, or shall be requisitioned, taken over or nationalized by any governmental authority under the power of eminent domain or otherwise during the term of this Security Agreement and all of the obligations of the Mortgagor under the Note and this Security Agreement are not assumed by such governmental authority within thirty (30) days after such nationalization, the Mortgagor shall promptly and fully inform the Secured Party of such occurrence and shall promptly pay over to the Secured Party an amount equal to all of the outstanding indebtedness, obligations or liabilities of the Mortgagor to the Secured Party, together with any unpaid interest thereon. Any such payment shall be treated as a voluntary prepayment of principal in the manner provided in the Note.

Section 2.7. Compliance with Laws and Rules. The Mortgagor agrees to comply in all respects with all laws of the jurisdictions in which the operations involving the Locomotive may extend and with all lawful rules of the Federal Railroad Administration and any other legislative, executive, administrative, or judicial body exercising any power or jurisdiction over the Mortgagor or over the Locomotive, to the extent that such laws and rules affect the operation, maintenance or use of the Locomotive. In the

event such laws or rules require the alteration of the Locomotive, the Mortgagor will conform therewith, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that the Mortgagor may, in good faith, contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of the Secured Party, adversely affect the property or rights of the Secured Party hereunder.

Section 2.8. Further Assurances. The Mortgagor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper in the opinion of the Secured Party for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

Section 2.9. After-acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereinafter acquired shall without any further conveyance, assignment or act on the part of the Mortgagor or the Secured Party become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.9 contained shall be deemed to modify or change the obligation of the Mortgagor under Section 2.8 hereof.

Section 2.10. Recordation and Filing. The Mortgagor will cause this Security Agreement and all supplements

and amendments hereto, and all financing and continuation statements and similar notices provided for by applicable law, at all times to be kept, recorded and filed at the Mortgagor's expense in such manner and in such places as may be requested by the Secured Party in order fully to preserve and protect the rights of the Secured Party hereunder.

Section 2.11. Sale of Collateral. The Mortgagor will not sell or offer to sell or otherwise transfer the Collateral or any interest therein without the written consent of the Secured Party.

Section 2.12. Records. All records concerning the Collateral shall be kept by the Mortgagor at its principal office in Amherst, Massachusetts.

### SECTION 3. POSSESSION AND USE OF COLLATERAL

Section 3.1. Possession and Use. While the Mortgagor is not in default under the Note or under this Security Agreement it shall be suffered and permitted to remain in full possession, enjoyment and control of the Collateral and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided, always, that the possession, enjoyment, control and use of the Collateral shall at all times be subject to the observance and performance of the terms of this Security Agreement.

Notwithstanding the foregoing, the Secured Party shall have the right, through its agents, or employees to inspect the Collateral and all the Mortgagor's records with respect thereto at reasonable times and places.

Section 3.2. Location of Collateral. The Mortgagor shall at all times, as long as this Security Agreement shall remain in force and effect, operate the Locomotive only on the trackage referred to as the "Wheelright Branch" in Interstate Commerce Commission Report No. AB-32 (Sub-No. 6F) Boston and Maine Corporation, Debtor (R.W. Meserve and B.H. Lacey, Trustees) - Abandonment - Near Northhampton and Hardwick, MA (Wheelright Branch), decided March 26, 1980, and shall not remove the Locomotive therefrom. When not in use, the Mortgagor shall cause the Locomotive to be stored at its usual place of storage on the premises of the Secured Party in Ware, Massachusetts.

#### SECTION 4. DEFAULTS AND OTHER PROVISIONS

Section 4.1. Events of Default. The term "Event of Default" for all purposes of this Agreement shall mean one or more of the following:

- a. Default by the Mortgagor in the due payment of the principal of or interest on the Note or any other indebtedness, obligations or liabilities payable by the Mortgagor to the Secured Party the payment of which is secured by this Security Agreement; or
- b. The occurrence of any event of default set forth in subparagraph (c), (d) (e) and (f) of paragraph 3 of the Note; or

- c. Default on the part of the Mortgagor in the due observance or performance of any covenant or agreement to be observed or performed by it under this Security Agreement which default shall continue unremedied for 10 calendar days; or
- d. Any representation or warranty of the Mortgagor made herein or in any report, certificate, financial or other statement furnished in connection with this Security Agreement or the Note or the transactions contemplated hereby or thereby shall prove to be false or misleading in any material respect; or
- e. Any claim, lien or charge (other than as set forth in Section 2.1 above) shall be asserted against or levied or imposed upon the Collateral and such claim, lien or charge shall not be discharged or removed within 10 calendar days after such levy or imposition.

Section 4.2. Secured Party's Rights. The Mortgagor agrees that when any "Event of Default" as defined in said Section 4.1 has occurred and is continuing, the Secured Party shall have the rights, options and remedies of a secured party and the Mortgagor shall have the duties of a debtor under the Massachusetts Uniform Commercial Code and without limiting the foregoing may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

- a. The Secured Party may, by notice in writing to the Mortgagor, declare the entire unpaid balance of the Notes and of any other indebtedness, obligations or liabilities secured hereby to be immediately due and payable; and thereupon all such unpaid balance and indebtedness, together with all accrued interest thereon, shall be and become immediately due and payable.
- b. The Secured Party shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found;
- c. The Secured Party may, always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Mortgagor and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sales or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party may bid and become the purchaser at any such sale;
- d. The Secured Party may proceed to protect and enforce this Security Agreement and the indebtedness secured hereby by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in



execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper legal or equitable remedy available under applicable law.

Section 4.3. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Mortgagor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Mortgagor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Mortgagor, its successors or assigns.

Section 4.4. Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Mortgagor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumula-

tive and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

SECTION 5. MISCELLANEOUS.

Section 5.1. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Mortgagor or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not. This Security Agreement and the Note, and the indebtedness evidenced thereby, may not be assigned by the Mortgagor, or the obligations thereunder assumed, by instrument of assignment, operation of law or otherwise without the written consent of the Secured Party, which consent may be withheld for any reason good and sufficient to the Secured Party in its sole discretion.

Section 5.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

Section 5.3 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Mortgagor:	Massachusetts Central Railroad Corporation 11 Railroad Street Amherst, Massachusetts 01001 Attn: President
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If to the Secured Party:	Ludlow Corporation 145 Rosemary Street Needham Heights, Massachusetts 02194 Attn: President
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or at such other address as the Mortgagor or the Secured Party may designate by notice duly given in accordance with this Section to the other party.

Section 5.4. Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness, obligations or liabilities secured hereby have been fully paid or discharged.

Section 5.5. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

Section 5.6. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

Section 5.7 Governing Law. This Security Agreement and the Note shall be construed in accordance with and governed by the laws of The Commonwealth of Massachusetts, provided, however, that the Secured Party shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

IN WITNESS WHEREOF, the Mortgagor and the Secured Party have caused this Security Agreement to be executed as a sealed instrument, all as of the day and year first above written.

(Corporate Seal)

MASSACHUSETTS CENTRAL  
RAILROAD CORPORATION

Attest:

By

(Corporate Seal)

LUDLOW CORPORATION

Attest:

By:

COMMONWEALTH OF MASSACHUSETTS

Norfolk  
~~Hampden~~, ss.

On this the 22<sup>nd</sup> day of April, 1980, before me personally appeared W. Arden Clarke, to me personally known, who being by me duly sworn, says that he is the Vice President of Massachusetts Central Railroad Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Gene W. McManis

Notary Public

My Commission Expires: 10/17/80

COMMONWEALTH OF MASSACHUSETTS

Norfolk, ss.

On this the 22<sup>nd</sup> day of April, 1980, before me personally appeared William F. Trado, Jr, to me personally known, who being by me duly sworn, says that he is the Vice President of Ludlow Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Gene W. McManis

Notary Public

My Commission Expires: 10/17/80